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January 17, 2006

JOHN W. FLITTER
DIRECTOR
ELECTRIC & GAS REGULATION

The Honorable Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

1/18/06
too

SC Public Service Commission
JAN 17 2006
DOCKETING DEPT.

Re: Commission Utilities Matters Action Agenda Item 13 – Docket No 2006–16–E —Application of Progress Energy Carolinas for Authority to Issue and Sell Additional Securities (Long-Term Debt and/or Equity)

Dear Mr. Terreni:

This is to acknowledge that the Office of Regulatory Staff has reviewed the above referenced filing and based on the following information we have no objection to the Company's request for an order authorizing issuance of additional debt and/or equity securities. The Company states in its application that its proposed issuance of debt will not impair its ability to perform its public service and is necessary to serve the public as a utility. Under this application, the Company would issue and sell up to \$1,000,000,000 additional debt and/or equity securities. The Company is making application at this time because it has reached the ceiling of debt allowed under the Public Service Commission's Order No. 2003–311. The stated purposes of the application in Exhibit A, the Prospectus, are to refinance existing debt, to finance the construction of new facilities, to maintain existing facilities, and to acquire other entities or their assets. Although the Company has not yet decided what instruments it will use, the financial information submitted with its application does not indicate any reason why Progress Energy Carolinas should not be able to service the additional prudently incurred debt it proposes to incur under this application. ORS believes that the proposed issuance of debt by Progress Energy Carolinas is not inconsistent with the public interest.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,


John W. Flitter

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JWF/dhc

Cc: Dan F. Arnett, Chief of Staff, SC ORS
Florence Belser, General Counsel, SC ORS
Len Anthony, Manager of Regulatory Affairs, Progress Energy Corp.
Patricia Kornegay-Timmons, Associate General Counsel,
Progress Energy Corp.
Dr. James Spearman, Senior Advisor, SC Public Service Commission